DR BEYERS NAUDE LOCAL MUNICIPALITY

TABLED BUDGET

2017/18 TO 2019/20

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MAYOR'S REPORT

28 March 2017

Honourable Councillors,

The Municipal Manager and Officials,

Our esteemed guests,

Members of the Dr Beyers Naude Community,

Ladies and gentlemen.

It is with mixed feelings that I submit to this house our first draft budget for our term of office. This budget provides an opportunity to briefly focus on how to deal with our budgetary oversight responsibilities. We as council provide political guidance over the fiscal and financial affairs of the municipality, and in spite of the difficult economic times we experience as a country, we will ensure that the municipality performs its constitutional and statutory functions. With this new municipality the objective is to successfully implement its IDP, SDBIP and midterm revenue and expenditure budget framework in line with legislative frameworks in place.

The Dr. Beyers Naudé Local Municipality has been experiencing financial difficulties since its establishment on 7 August 2016 after the conclusion of the Local Government Elections on 3 August 2016. The socio-economic profile of the Municipality that indicates a high unemployment rate as well as a big indigent consumer base. The geographical nature of the Municipality which requires huge distances to be travelled by officials and councillors with regards to the attendance of meetings and work-related matters. This budget was prepared in line with the financial recovery plan which needed to be compiled in light of the challenges facing the municipality.

Economic outlook

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate was 26.5 per cent in the fourth quarter of 2016. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

One cannot consider the budget without taking into account the impact and risk posed by the amalgamation process. The budget consultation process will have be prioritised in order to finalize matters around employee cost, transfers from national government, financial management and systems. The decisions around centralised business processes has resulted in hidden cost that must be provided for in the budgets for the next three years at least. The change management is a critical area which needs to be addressed in order to have the cooperation and support of labour in order to conclude the transitional arrangements i.e. finalisation of organogram, placement and relocation.

It remains in the interest of all affected communities that the amalgamation process be effectively managed and concluded. In the light thereof, this house will do its utmost to ensure that this council is afforded the best chance to succeed in a challenging environment.

Budget 2017/18

The developmental priorities for the municipality as per the Integrated Development Plan, remains: Infrastructure development, Local Economic Development, Institutional Development, Community Development, Service Delivery Excellence, Sound Financial Management and Spatial Planning and Land-use Management.

This Capital Budget proposes to spend R64.7m on Technical and Electrical services, which includes water reticulation and sanitation, streets and storm water, street lighting and electrical reticulation, all of which forms the basis of our service delivery mandate.

Of the total budget of R407.3m, 72% is spent on the following 3 departments: Corporate Services, Infrastructure &Technical, as well as Electrical Services. This spread of our expenditure, clearly demonstrates our commitment to service delivery.

Direct support to poor household is 6% of the budget R22 746 145.

Care had to be taken to keep tariff charges affordable, while taking cognisance of increased cost to deliver services. Tariff stabilisation is a process that will be phased in the next three budget years as a result of the different tariff structures of the former municipalities. The decision to keep the increases more or less in line with CPI is not necessarily the best decision in the light of costs for certain services that are above the rate charged.

The 2017/18 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the mSCOA classification framework. This means that the municipalities transacting framework must allow seamless integration of core system with sub-systems and integrated budgeting directly linked to the IDP and SDBIP.

I want to call on us all to ensure that we implement our Financial Recovery Plan and all our budget related policies to its fullest. Councillors must be vigilant in their oversight without any interference with administration. I would also want to call upon our communities and stakeholders to pay for the services rendered to them.

RESOLUTIONS FOR ADOPTION AND APPROVAL OF THE BUDGET

That Council hereby approves as its Tabled Budget for the 2017/2018 financial year:

1 The consolidated three-year Capital Budget, Operating Budget, Cash Flow Budget, measurable performance objectives for revenue for each source and for each vote as contained in the tabled budget document appendices;

2 The medium term (indicative) budgets for the 2018/2019 and 2019/2020 financial years contained in the budget document;

3 Amendments to the following budget-related policies:

To be finalised

4 That in terms of section 75(a)(1) of the Municipal Systems Act (Act 32 of 2000), read with section 17(3) of the Municipal Finance Management Act (Act 56 of 2003), the tariffs for property rates, water, electricity and other services be increased by the following percentages with effect from 1 July 2017:
Property rates 6.4%

Graaff-Reinet, Aberdeen and Nieu-Bethesda

Residential: 0.72c in the R
Business: 1.4577c in the R
Agriculture: 0.18c in the R
Agricultural Small holdings: 0.36c in the R
State owned: 1.4577c in the R

Willowmore, Steytlerville and Rietbron

Residential: 0.6916c in the R
Residential (Rietbron): 0.5267c in the R
Residential vacant land: 1.8897c in the R
Business: 0.8884c in the R
Business Rural: 0.8948c in the R
Business Agriculture: 0.3235c in the R
Agriculture: 0.0489c in the R
State owned: 1.1246c in the R
Public service infrastructure: 0.1724c in the R

Jansenville and Klipplaat

Residential: 1.9471c in the R
Business: 2.3855c in the R
Agriculture: 0.0373c in the R
State owned: 2.8622c in the R

Rebates as per the Rates Policy

Water	6.4%
Electricity	1.88% as per NERSA proposed increase
Refuse	6.4%
Sanitation	6.4%
Other small tariffs	6.4%

5 That the Accounting Officer comply with all legal requirements relating to the finalization of the budget, the advertising of the Council resolution with regard to the submission of the prescribed information to both National and Provincial Treasury.

BUDGET FOR 2016/2017 TO 2018/2019

This section contains an executive summary of the Dr Beyers Naude Municipality Municipality's budget followed by a more detailed explanation of its Operational and Capital components over the next three years.

3. EXECUTIVE SUMMARY

The pace of economic growth has slowed. GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

Finance Minister, Pravin Gordhan said in his budget speech: *"This year's Budget is focused on fiscal consolidation. We cannot spend money we do not have. We cannot borrow beyond our ability to repay. Until we can ignite growth and generate more revenue, we have to be tough on ourselves."*

The time has arrived for Dr Beyers Naude Municipality Municipality to conform to the daunting economic realities we find ourselves in. This budget marks the complete absence of capital spending from own revenue. While we are yet to explore borrowing, we have reached the point where capital spending from own resources is no longer sustainable because of depleted reserves, tariffs that are not reflective of cost and modest debt collection. The growth in the number of indigent households to almost 50% of residential accountholders means that the equitable share allocation caters exclusively for the poor and cannot subsidize low tariffs for other users.

Tariffs in the amalgamating municipalities also differ widely and a uniform tariff structure will have to be phased in. Policy stances will have to provide for this difference and for the phased approach.

The unintended early adoption of the mSCOA Regulations by the other two amalgamating municipalities, poses a further risk and additional cost that has an impact in this budget.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (Act 56 of 2003). The Capital Budget contains new and replacement assets such as roads, buildings, landfill sites, etc. The

Operating Budget, which is the larger of the two, includes the provision for services like water, electricity, refuse collection, sanitation and others. These services include employment cost and bulk purchases as a major portion of the expenditure.

Operating Budget

Expenditure

The total operating budget decreased from R460.8m in 2016/2017 to R427.4m in 2017/18.

Expenditure item	2016/17 Budget R'000	2017/18 Budget R'000	Year on Year %
Employee cost	130 099 796	131 005 818	0.70%
Remuneration of councillors	11 389 444	11 389 444	0.00%
Depreciation and impairment	81 460 266	81 460 266	0.00%
Material and Bulk purchases	80 657 232	82 173 588	1.88%
Other expenditure	157 292 904	121 394 011	-22.82%
Total	**460 899 642**	**427 423 126**	**-7.26%**

Table 1: Major Expense Items

Overall decline of 7.26% can be attributed to the following expenditure items:

Reasons for significant variances:

Employee Cost: The growth in employee cost relates to the annual salary increase. The budget for the previous year was based on approved organograms of the disestablished municipalities, this year's budget is based on the filled positions as the organogram has not yet been finalised.

Depreciation and impairment: This provides for wear and tear in use of council's assets.

Other Expenditure: This includes free basic services expenditure, Audit Fees, Operational expenditure on grant funding, internal service charges etc.

The following diagram shows the year on year expenditure growth and proportions of the major budgeted expenditure items:

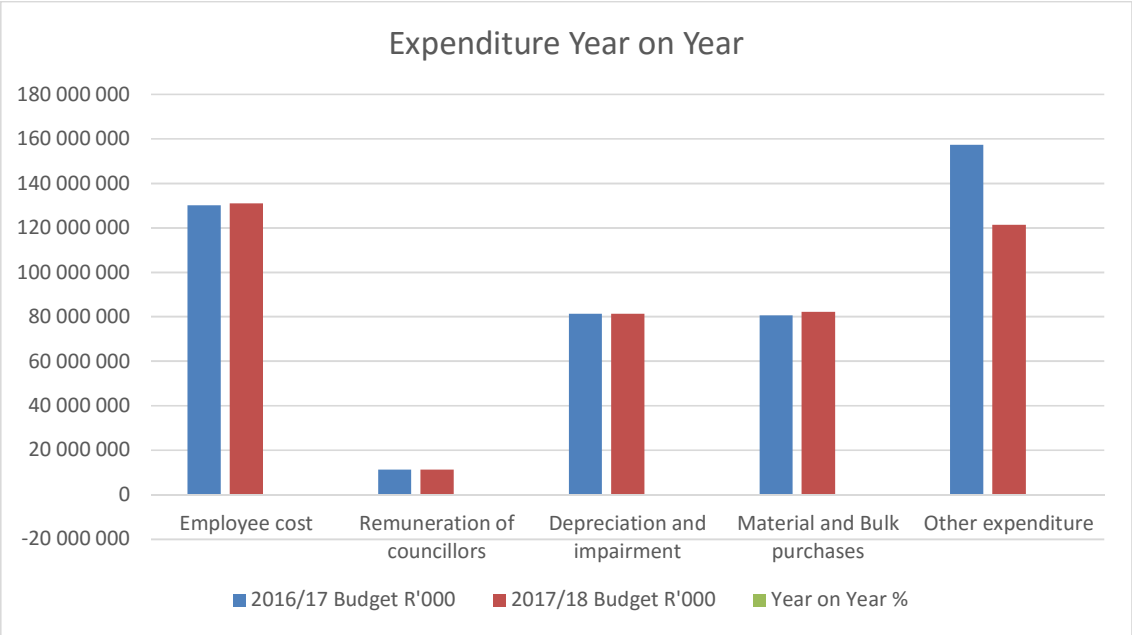


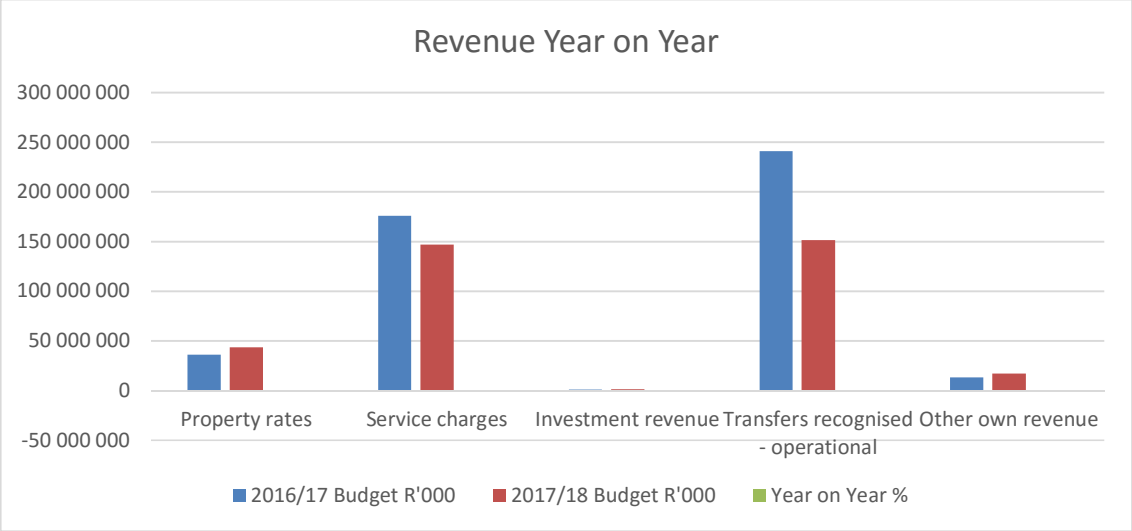
Diagram 1: Expenditure by type

Revenue

Total Operating Revenue decreased from R467.7m in 2016/2017 to R360.7m in 2017/2018, which represents a decline of 22.87%. Table 2 below gives a breakdown of the major sources of revenue for the budget period 1 July 2017 to 30 June 2018.

Revenue Item	2016/17 Budget R'000	2017/18 Budget R'000	Year on Year %
Property rates	36 391 525	43 595 320	19.80%
Service charges	175 804 347	147 085 818	-16.34%
Investment revenue	1 340 012	1 376 531	2.73%
Transfers recognised - operational	241 055 899	151 500 395	-37.15%
Other own revenue	13 178 717	17 224 484	30.70%
Total	**467 770 500**	**360 782 548**	**-22.87%**

Table 2: Revenue Sources



Service tariffs/Rates

In respect of tariffs, this budget represents another attempt at pursuing cost reflective tariffs from a very low base. The log jam in establishing water tariffs that reflect the actual cost, seems to a dreadful reality that will remain with us for some time. However, the resistance to increase water tariffs at a rate above CPI keeps us from building upon this advance.

Rates

Property rates are increased at the level of CPI.

Electricity

The electricity tariff increases with the NERSA guideline, which is 1.88%. The municipality will adhere to the guideline set by NERSA for this budget period.

Water

The water tariff increases by 6.40%. The increase of the water tariff is impacted upon by the electricity cost, since electricity represents a major input in pumping water through the reticulation channels. The recent drought was also a factor that had to be considered.

The following diagram gives a graphic breakdown of revenue by source.

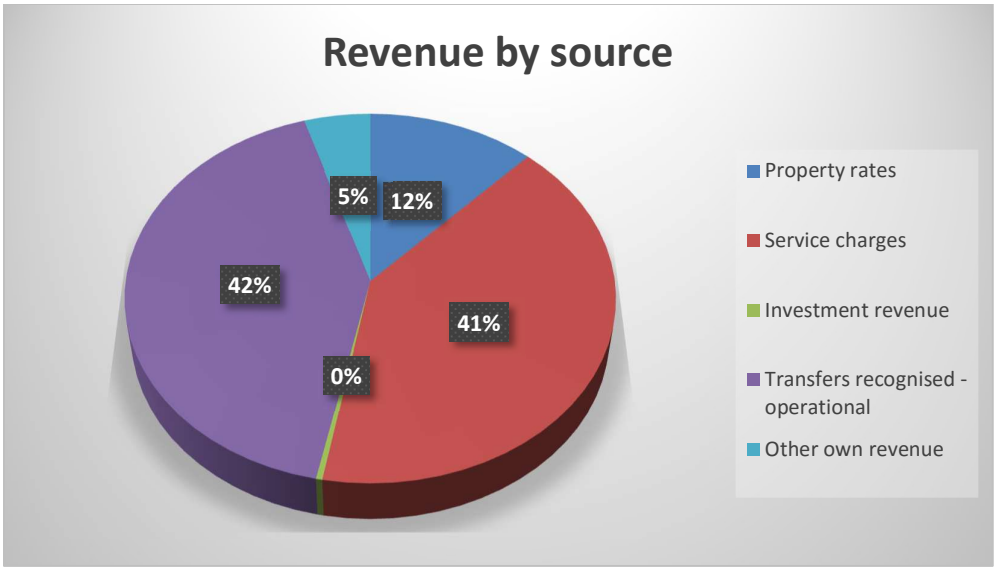


Diagram 2: Revenue by source

Diagram 3: Service charges by type

Capital Budget

The capital budget decreased from R99.3m in 2016/17 to R64.7m in 2017/18. This is mainly due to a decrease in internal funding. The following is a breakdown of the funding sources:

EC101 DR BEYERS NAUDÉ LOCAL MUNIC	2017/18 R thousands	2018/19 R thousands	2019/20 R thousands
Equitable share and related	77 494 000.00	83 203 000.00	88 039 000.00
Municipal infrastructure grant (MIG)	20 902 000.00	21 887 000.00	22 928 000.00
Integrated national electrification programme (municipal) grant (INEP)	7 000 000.00	7 000 000.00	10 000 000.00
Local government financial management grant (FMG)	5 945 000.00	6 455 000.00	6 715 000.00
Expanded public works programme integrated grant for municipalities (EPWP)	1 383 000.00	-	-
Municipal demarcation transition grant	6 847 000.00	-	-
Regional bulk infrastructure grant (RBIG)	32 000 000.00	27 000 000.00	5 500 000.00
Integrated national electrification programme (Eskom) grant	2 339 000.00	2 339 000.00	2 475 000.00
TOTAL GRANTS	**153 910 000**	**147 884 000**	**135 657 000**

Table 3: Capital funding sources

The municipality also attempted to find a balance in capital spending on the different IDP priorities and the wards, as illustrated in the following table:

Key Development areas	
Local Economic Development	-
Infrastructure Development	59 156 630
Institutional Development	1 928 800
Community Development	3 675 000
	64 760 430

3.1 MAIN FEATURES OF THE BUDGET

The assumptions and principles used in the development of the budget are based on the guidelines received from the National Treasury circulars 85 and 86, as well as other external bodies such as the National Electricity Regulator of South Africa (NERSA) and the South African Local Government Bargaining Council (SALGBC). The strategic focus of the Integrated Development Plan informed the Budget, taking into account the issue of affordability. These guidelines were considered appropriate to inform the development of the Budget.

Besides the uncertainties mentioned due to the amalgamation process, the growth in staff spending is a course for concern. Although the positions are necessary, the management of cash flow to meet salary payments have become a sharp focus in the municipality. Add to this an ever increasing ESKOM and Auditor General bills and the potential for default becomes very real.

It has become increasingly difficult to find the happy medium between cost recovery and affordability. One gets the feeling that affordability has emerged with the controlling share every time, but to the detriment of the institution and its sustainability.

Looking after the poor has been a feature of budgets in the modern South Africa. This budget is no different. However, the debate of what the size of a typical SA household should be, keeps haunting us as we try to curb cost related to indigent support.

The budget related policies as outlined have been adhered to in the development of the budget, whilst continuous monitoring of budget performance is made possible through the Service Delivery and Budget Implementation Plan.

3.2 HIGH LEVEL PERFORMANCE OBJECTIVES FOR 2017/18

The more significant performance objectives, which informed the preparation of the Budget is set out in the Service Delivery and Budget Implementation Plan, of which a draft will be submitted to the mayor.

3.3 BUDGET STRATEGY AND ASSUMPTIONS

a) Considering National Treasury's guideline for year-on-year increases in expenditure, which is the headline inflation rate of 6.4% for 2017, the annual increase for the 2017/18 tabled budget is limited to following:
    - The overall increase in operating expenditure be limited to 6.4%
    - The overall increase in human resource costs be restricted to the SALGBC determined agreement of average CPI percentage for the twelve month period, as published by Statistics South Africa, plus 1%.

b) Rates and tariff increases consider the inflation rate of 6.4%, as well as affordability levels. Where there is significant under-recovery of cost on economic services, such cost-reflective tariffs be phased in.

c) The Direct Reports prepare the Operating and Capital Budgets aligned to the IDP and that this is supported by the SDBIP of the organisation.

Budget assumptions or perimeters are determined in advance of the budget process to allow the budget to support the long term financial and strategic targets.

The municipal fiscal environment is directly impacted on by a variety of macro-economic control measures. National Treasury provides guidelines on the year-on-year budget growth, while NERSA regulates the electricity tariff increases. This year the NERSA guideline for electricity tariff increases stands at 1.88% to be introduced for implementation on 1 July 2017.

Various government departments also affect municipal service delivery through the level of grants and subsidies to the municipality. Examples are the Fire Services grant from Local Government, the electrification grant from the Department of Energy, as well as RBIG grant from the Department of Water Affairs.

The principles and priorities included in the IDP directly informed the compilation of the Budget.

4. BUDGET TABLES

Budget schedules to be approved by resolution of Council

EC101 Dr. Beyers Naude - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	–	–	–	35 441	–	–	–	39 832	42 102	44 460
Service charges	–	–	–	176 985	–	–	–	150 849	159 448	168 377
Investment revenue	–	–	–	1 340	–	–	–	1 377	1 455	1 536
Transfers recognised - operational	–	–	–	131 095	–	–	–	86 740	91 684	96 818
Other own revenue	–	–	–	14 780	–	–	–	17 224	18 206	19 226
Total Revenue (excluding capital transfers and contributions)	–	–	–	359 641	–	–	–	296 022	312 895	330 418
Employee costs	–	–	–	120 809	–	–	–	131 692	139 198	146 994
Remuneration of councillors	–	–	–	10 189	–	–	–	11 389	12 039	12 713
Depreciation & asset impairment	–	–	–	66 612	–	–	–	72 601	76 739	81 036
Finance charges	–	–	–	1 313	–	–	–	328	347	367
Materials and bulk purchases	–	–	–	73 936	–	–	–	82 174	86 857	91 722
Transfers and grants	–	–	–	28 075	–	–	–	67	71	75
Other expenditure	–	–	–	123 343	–	–	–	129 172	136 535	144 180
Total Expenditure	–	–	–	424 278	–	–	–	427 423	451 786	477 086
Surplus/(Deficit)	–	–	–	(64 637)	–	–	–	(131 401)	(138 891)	(146 669)
Transfers and subsidies - capital (monetary alloc	–	–	–	108 129	–	–	–	64 760	68 452	72 285
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	–	43 492	–	–	–	(66 641)	(70 439)	(74 384)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	–	43 492	–	–	–	(66 641)	(70 439)	(74 384)
Capital expenditure & funds sources										
Capital expenditure	–	–	–	99 309	–	–	–	64 760	68 452	72 285
Transfers recognised - capital	–	–	–	99 169	–	–	–	64 460	68 135	71 950
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	140	–	–	–	300	317	335
Total sources of capital funds	–	–	–	99 309	–	–	–	64 760	68 452	72 285
Financial position										
Total current assets	–	–	–	67 354	–	–	–	71 665	75 750	79 991
Total non current assets	–	–	–	1 182 632	–	–	–	1 258 321	1 330 045	1 404 527
Total current liabilities	–	–	–	74 855	–	–	–	79 646	84 185	88 900
Total non current liabilities	–	–	–	52 214	–	–	–	55 556	58 722	62 011
Community wealth/Equity	–	–	–	1 122 917	–	–	–	1 194 784	1 262 887	1 333 608
Cash flows										
Net cash from (used) operating	–	–	–	28 731	–	–	–	8 264	8 735	9 224
Net cash from (used) investing	–	–	–	(102 435)	–	–	–	(58 167)	(61 483)	(64 926)
Net cash from (used) financing	–	–	–	2 010	–	–	–	2 138	2 260	2 387
Cash/cash equivalents at the year end	–	–	–	(71 166)	–	–	–	(47 208)	(97 696)	(151 011)
Cash backing/surplus reconciliation										
Cash and investments available	–	–	–	4 979	–	–	–	5 297	5 599	5 913
Application of cash and investments	–	–	–	6 210	–	–	–	6 026	6 368	6 726
Balance - surplus (shortfall)	–	–	–	(1 231)	–	–	–	(728)	(769)	(813)
Asset management										
Asset register summary (WDV)	–	–	–	–	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–	–	–	–	–
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	–	–	–	–
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

EC101 Dr. Beyers Naude - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
Governance and administration		–	–	–	**185 001**	–	–	**148 759**	**157 238**	**166 043**
Executive and council		–	–	–	69 568	–	–	10 940	11 564	12 211
Finance and administration		–	–	–	115 433	–	–	137 818	145 674	153 832
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	**10 206**	–	–	**11 058**	**11 688**	**12 343**
Community and social services		–	–	–	3 462	–	–	334	353	373
Sport and recreation		–	–	–	79	–	–	175	185	195
Public safety		–	–	–	4 706	–	–	10 535	11 135	11 759
Housing		–	–	–	722	–	–	14	15	16
Health		–	–	–	1 236	–	–	–	–	–
Economic and environmental services		–	–	–	**6 165**	–	–	**21 501**	**22 727**	**23 999**
Planning and development		–	–	–	797	–	–	21 091	22 293	23 541
Road transport		–	–	–	5 368	–	–	410	434	458
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	**265 675**	–	–	**179 135**	**189 345**	**199 949**
Energy sources		–	–	–	127 649	–	–	92 874	98 168	103 665
Water management		–	–	–	89 284	–	–	62 343	65 897	69 587
Waste water management		–	–	–	37 485	–	–	14 939	15 791	16 675
Waste management		–	–	–	11 257	–	–	8 979	9 490	10 022
Other	4	–	–	–	**724**	–	–	**330**	**349**	**368**
Total Revenue - Functional	2	–	–	–	**467 771**	–	–	**360 783**	**381 347**	**402 703**
Expenditure - Functional										
Governance and administration		–	–	–	**140 364**	–	–	**128 068**	**135 368**	**142 948**
Executive and council		–	–	–	58 878	–	–	32 062	33 890	35 788
Finance and administration		–	–	–	81 486	–	–	95 609	101 059	106 718
Internal audit		–	–	–	–	–	–	396	419	442
Community and public safety		–	–	–	**31 094**	–	–	**36 205**	**38 269**	**40 412**
Community and social services		–	–	–	6 926	–	–	5 885	6 220	6 569
Sport and recreation		–	–	–	14 788	–	–	15 597	16 486	17 409
Public safety		–	–	–	6 634	–	–	9 657	10 208	10 780
Housing		–	–	–	629	–	–	728	769	812
Health		–	–	–	2 117	–	–	4 338	4 586	4 843
Economic and environmental services		–	–	–	**43 059**	–	–	**48 003**	**50 740**	**53 581**
Planning and development		–	–	–	6 241	–	–	8 796	9 297	9 818
Road transport		–	–	–	36 819	–	–	39 208	41 443	43 763
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	**207 237**	–	–	**212 398**	**224 504**	**237 076**
Energy sources		–	–	–	103 638	–	–	108 843	115 047	121 490
Water management		–	–	–	43 183	–	–	43 641	46 128	48 711
Waste water management		–	–	–	41 397	–	–	41 893	44 281	46 761
Waste management		–	–	–	19 020	–	–	18 020	19 048	20 114
Other	4	–	–	–	**2 523**	–	–	**2 749**	**2 906**	**3 069**
Total Expenditure - Functional	3	–	–	–	**424 278**	–	–	**427 423**	**451 786**	**477 086**
Surplus/(Deficit) for the year		–	–	–	**43 492**	–	–	**(66 641)**	**(70 439)**	**(74 384)**

EC101 Dr. Beyers Naude - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		–	–	–	70 364	–	–	11 129	11 763	12 422
Vote 2 - CORPORATE SERVICES - ADMINISTRATIC		–	–	–	8 307	–	–	661	698	737
Vote 3 - CORPORATE SERVICES - COMMUNITY SE		–	–	–	15 579	–	–	9 728	10 283	10 858
Vote 4 - CORPORATE SERVICES - PROTECTION		–	–	–	6 111	–	–	10 535	11 135	11 759
Vote 5 - FINANCIAL SERVICES		–	–	–	109 028	–	–	137 262	145 086	153 210
Vote 6 - TECHNICAL SERVICES - ENGINEERING		–	–	–	130 733	–	–	98 595	104 214	110 050
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		–	–	–	127 649	–	–	92 874	98 168	103 665
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**–**	**–**	**–**	**467 771**	**–**	**–**	**360 783**	**381 347**	**402 703**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - EXECUTIVE & COUNCIL		–	–	–	66 304	–	–	41 576	43 946	46 407
Vote 2 - CORPORATE SERVICES - ADMINISTRATIC		–	–	–	29 367	–	–	29 296	30 966	32 700
Vote 3 - CORPORATE SERVICES - COMMUNITY SE		–	–	–	42 395	–	–	40 585	42 899	45 301
Vote 4 - CORPORATE SERVICES - PROTECTION		–	–	–	6 634	–	–	9 657	10 208	10 780
Vote 5 - FINANCIAL SERVICES		–	–	–	55 039	–	–	71 094	75 147	79 355
Vote 6 - TECHNICAL SERVICES - ENGINEERING		–	–	–	120 901	–	–	126 371	133 575	141 055
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		–	–	–	103 638	–	–	108 843	115 047	121 490
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**–**	**–**	**–**	**424 278**	**–**	**–**	**427 423**	**451 786**	**477 086**
Surplus/(Deficit) for the year	2	**–**	**–**	**–**	**43 492**	**–**	**–**	**(66 641)**	**(70 439)**	**(74 384)**

EC101 Dr. Beyers Naude - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	–	–	–	35,441	–	–	–	39,832	42,102	44,460
Service charges - electricity revenue	2	–	–	–	116,392	–	–	–	92,106	97,356	102,808
Service charges - water revenue	2	–	–	–	32,909	–	–	–	30,338	32,067	33,863
Service charges - sanitation revenue	2	–	–	–	15,716	–	–	–	14,866	15,713	16,593
Service charges - refuse revenue	2	–	–	–	11,036	–	–	–	8,889	9,395	9,921
Service charges - other					932				4,651	4,916	5,192
Rental of facilities and equipment					1,124				1,074	1,136	1,199
Interest earned - external investments					1,340				1,377	1,455	1,536
Interest earned - outstanding debtors					3,779				1,867	1,973	2,084
Dividends received									–	–	–
Fines, penalties and forfeits					251				100	106	112
Licences and permits					4,098				5,972	6,313	6,666
Agency services					1,650				334	353	373
Transfers and subsidies					131,095				86,740	91,684	96,818
Other revenue	2	–	–	–	3,425	–	–	–	1,284	1,357	1,433
Gains on disposal of PPE					453				6,593	6,969	7,359
Total Revenue (excluding capital transfers and contributions)		**–**	**–**	**–**	**359,641**	**–**	**–**	**–**	**296,022**	**312,895**	**330,418**
Expenditure By Type											
Employee related costs	2	–	–	–	120,809	–	–	–	131,006	138,473	146,228
Remuneration of councillors					10,189				11,389	12,039	12,713
Debt impairment	3				7,105				8,860	9,365	9,889
Depreciation & asset impairment	2	–	–	–	66,612	–	–	–	72,601	76,739	81,036
Finance charges					1,313				328	347	367
Bulk purchases	2	–	–	–	73,936	–	–	–	82,174	86,857	91,722
Other materials	8									–	–
Contracted services		–	–	–	9,754	–	–	–	6,018	6,361	6,718
Transfers and subsidies		–	–	–	28,075	–	–	–	67	71	75
Other expenditure	4, 5	–	–	–	106,447	–	–	–	114,943	121,495	128,298
Loss on disposal of PPE					37				37	39	42
Total Expenditure		**–**	**–**	**–**	**424,278**	**–**	**–**	**–**	**427,423**	**451,786**	**477,086**
Surplus/(Deficit)		**–**	**–**	**–**	**(64,637)**	**–**	**–**	**–**	**(131,401)**	**(138,891)**	**(146,669)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					108,129				64,760	68,452	72,285
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)										–	–
Surplus/(Deficit) after capital transfers & contributions		**–**	**–**	**–**	**43,492**	**–**	**–**	**–**	**(66,641)**	**(70,439)**	**(74,384)**
Taxation										–	–
Surplus/(Deficit) after taxation		**–**	**–**	**–**	**43,492**	**–**	**–**	**–**	**(66,641)**	**(70,439)**	**(74,384)**
Attributable to minorities										–	–
Surplus/(Deficit) attributable to municipality		**–**	**–**	**–**	**43,492**	**–**	**–**	**–**	**(66,641)**	**(70,439)**	**(74,384)**
Share of surplus/ (deficit) of associate	7									–	–
Surplus/(Deficit) for the year		**–**	**–**	**–**	**43,492**	**–**	**–**	**–**	**(66,641)**	**(70,439)**	**(74,384)**

EC101 Dr. Beyers Naude - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE & COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES - ADMINISTRATIC		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES - COMMUNITY SI		–	–	–	–	–	–	–	–	–	–
Vote 4 - CORPORATE SERVICES - PROTECTION		–	–	–	–	–	–	–	–	–	–
Vote 5 - FINANCIAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - TECHNICAL SERVICES - ENGINEERING		–	–	–	–	–	–	–	–	–	–
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE & COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES - ADMINISTRATIC		–	–	–	550	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES - COMMUNITY SI		–	–	–	1 847	–	–	–	–	–	–
Vote 4 - CORPORATE SERVICES - PROTECTION		–	–	–	–	–	–	–	4 094	4 327	4 569
Vote 5 - FINANCIAL SERVICES		–	–	–	611	–	–	–	1 510	1 596	1 685
Vote 6 - TECHNICAL SERVICES - ENGINEERING		–	–	–	88 057	–	–	–	51 857	54 812	57 882
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		–	–	–	8 244	–	–	–	7 300	7 716	8 148
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**–**	**–**	**99 309**	**–**	**–**	**–**	**64 760**	**68 452**	**72 285**
Total Capital Expenditure - Vote		**–**	**–**	**–**	**99 309**	**–**	**–**	**–**	**64 760**	**68 452**	**72 285**
Capital Expenditure - Functional											
Governance and administration		**–**	**–**	**–**	**1 161**	**–**	**–**	**–**	**1 510**	**1 596**	**1 685**
Executive and council					–					–	–
Finance and administration					611				1 510	1 596	1 685
Internal audit					550					–	–
Community and public safety		**–**	**–**	**–**	**1 847**	**–**	**–**	**–**	**4 094**	**4 327**	**4 569**
Community and social services					–					–	–
Sport and recreation					1 847					–	–
Public safety									4 094	4 327	4 569
Housing										–	–
Health										–	–
Economic and environmental services		**–**	**–**	**–**	**12 074**	**–**	**–**	**–**	**2 320**	**2 453**	**2 590**
Planning and development					487					–	–
Road transport					11 587				2 320	2 453	2 590
Environmental protection										–	–
Trading services		**–**	**–**	**–**	**84 228**	**–**	**–**	**–**	**56 836**	**60 076**	**63 440**
Energy sources					8 244				7 300	7 716	8 148
Water management					62 875				43 306	45 774	48 337
Waste water management					13 109				6 231	6 586	6 954
Waste management									–	–	–
Other										–	–
Total Capital Expenditure - Functional	3	**–**	**–**	**–**	**99 309**	**–**	**–**	**–**	**64 760**	**68 452**	**72 285**
Funded by:											
National Government					78 210				64 460	68 135	71 950
Provincial Government					20 959					–	–
District Municipality										–	–
Other transfers and grants										–	–
Transfers recognised - capital	4	**–**	**–**	**–**	**99 169**	**–**	**–**	**–**	**64 460**	**68 135**	**71 950**
Public contributions & donations	5									–	–
Borrowing	6									–	–
Internally generated funds					140				300	317	335
Total Capital Funding	7	**–**	**–**	**–**	**99 309**	**–**	**–**	**–**	**64 760**	**68 452**	**72 285**

EC101 Dr. Beyers Naude - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash					6 466				6 880	7 272	7 680
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	32 678	-	-	-	34 769	36 751	38 809
Other debtors					25 191				26 804	28 331	29 918
Current portion of long-term receivables									-	-	-
Inventory	2				3 019				3 212	3 395	3 585
Total current assets		-	-	-	**67 354**	-	-	-	**71 665**	**75 750**	**79 991**
Non current assets											
Long-term receivables									-	-	-
Investments									-	-	-
Investment property					87 236				92 819	98 110	103 604
Investment in Associate									-	-	-
Property, plant and equipment	3	-	-	-	1 091 932	-	-	-	1 161 816	1 228 040	1 296 810
Agricultural									-	-	-
Biological					659				701	741	783
Intangible					131				139	147	156
Other non-current assets					2 674				2 845	3 007	3 176
Total non current assets		-	-	-	**1 182 632**	-	-	-	**1 258 321**	**1 330 045**	**1 404 527**
TOTAL ASSETS		-	-	-	**1 249 986**	-	-	-	**1 329 985**	**1 405 794**	**1 484 519**
LIABILITIES											
Current liabilities											
Bank overdraft	1				1 488				1 583	1 673	1 767
Borrowing	4	-	-	-	779	-	-	-	828	876	925
Consumer deposits					3 461				3 683	3 893	4 111
Trade and other payables	4	-	-	-	62 995	-	-	-	67 027	70 847	74 815
Provisions					6 133				6 525	6 897	7 283
Total current liabilities		-	-	-	**74 855**	-	-	-	**79 646**	**84 185**	**88 900**
Non current liabilities											
Borrowing		-	-	-	10 065	-	-	-	10 709	11 319	11 953
Provisions		-	-	-	42 149	-	-	-	44 847	47 403	50 058
Total non current liabilities		-	-	-	**52 214**	-	-	-	**55 556**	**58 722**	**62 011**
TOTAL LIABILITIES		-	-	-	**127 069**	-	-	-	**135 201**	**142 908**	**150 911**
NET ASSETS	5	-	-	-	**1 122 917**	-	-	-	**1 194 784**	**1 262 887**	**1 333 608**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)					1 110 883				1 181 980	1 249 353	1 319 316
Reserves	4	-	-	-	12 034	-	-	-	12 804	13 534	14 292
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	**1 122 917**	-	-	-	**1 194 784**	**1 262 887**	**1 333 608**

EC101 Dr. Beyers Naude - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates					34,681				39,832	42,102	44,460
Service charges					176,831				150,849	159,448	168,377
Other revenue					10,995				8,765	9,264	9,783
Government - operating	1				114,160				85,343	90,207	95,259
Government - capital	1				108,129				64,760	68,452	72,285
Interest					5,178				3,243	3,428	3,620
Dividends									-	-	-
Payments											
Suppliers and employees					(413,206)				(345,530)	(365,226)	(385,678)
Finance charges					(105)				(328)	(347)	(366)
Transfers and Grants	1				(7,934)				(67)	(71)	(75)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	**28,731**	-	-	-	**6,867**	**7,258**	**7,665**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE					489				6,593	6,969	7,359
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets					(102,924)				(64,760)	(68,452)	(72,285)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	**(102,435)**	-	-	-	**(58,167)**	**(61,483)**	**(64,926)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits					2,010				2,138	2,260	2,387
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	**2,010**	-	-	-	**2,138**	**2,260**	**2,387**
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	**(71,695)**	-	-	-	**(49,162)**	**(51,964)**	**(54,874)**
Cash/cash equivalents at the year begin:	2				**528**				**557**	**(48,605)**	**(100,570)**
Cash/cash equivalents at the year end:	2	-	-	-	**(71,166)**	-	-	-	**(48,605)**	**(100,570)**	**(155,444)**

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE BUDGET PROCESS

In terms of Section 53 of the Municipal Finance Management Act (Act 56 of 2003) the mayor of the municipality is required to provide political guidance over the budget process and the priorities that guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget Regulations states that the mayor must establish a budget steering committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.

The budget planning process leaves much to be desired. Inputs from the Budget Steering Committee were limited to the workshops held with staff and the council. The IDP process provides a good basis for the budget, but the project plans are still incomplete when the budget process starts and final adjustments to projects impact the finalization of the budget.

Two budget workshops were held with councillors and officials. Lively debate ensued about different matters, but more particularly about the following: depreciation, affordability and cost reflective tariffs, cost cutting measures and the electricity increase.

The budget process started in August 2017 and proceeded along the following timeline:

Dr Beyers Naude Local Municipality
Schedule of Key Deadlines - Budget & IDP
2017-2018 Budget Year

Date	Action	Reference	Responsibility
August 2016	**Plan & Prepare**		
n/a	Review previous year's budget process		Mayor & BSC
31	Table in Council Budget & IDP Time Schedule	MFMA 21(1)(b) & 53 (1)(b) MSA s34	Mayor & BSC Special Council
31	Establish/confirm Committees and consultation forums	MFMA guidance	Mayor & BSC Special Council
Sept 2016	**Consult & review**		
1	Publicise schedule on website	MFMA guidance	Accounting Officer
1	Implementation of Budget & IDP key deadlines	MFMA guidance	Accounting Officer
30	Review provincial & national Government sector and strategic plans	MFMA Guidance	Mayor & BSC BSC Meeting
From 1st	Consult with community on changing needs and expectations	MSA ch4 as amended	Mayor & BSC
October 2016	**Review and update**		
3 - 21	Review and update budget related policies	MFMA Guidance	Accounting Officer
24 - 31	Evaluate revenue projections for next budget year, proposed rates and service charges	MFMA Guidance	Accounting Officer Mayor & BSC
31	Review of potential price increases of bulk resources (electricity)	MFMA s42	Accounting Officer
Nov 2016	**Conclude & confirm**		
1 - 11	Engage with national & provincial Sector departments on alignment with municipal plans	MFMA Guidance	Accounting Officer
1 - 30	Conclude initial community consultation on priorities	MSA ch4	Mayor & BSC BSC Meeting
30	Identify government allocations to municipality	MFMA Guidance	Accounting Officer
16 - 30	Commence preparation of Departmental plans & SDBIP aligned to IDP and community inputs	MFMA Guidance	Accounting Officer
Dec 2016	**Draft & discuss**		
1	Conclude first budget draft and Policies for council discussion	MFMA Guidance	Accounting Officer Workshop
12	Consider Community and stakeholder consultation on inputs, financial models, impact on tariffs and charges	MSA ch4 as amended	Accounting Officer
12	Management discussion and debate on estimated plans and resources	MFMA Guidance	Accounting Officer
13	Consider Council discussion and debate on estimated plans and resources	MFMA s53	Mayor & BSC
January 2017	**Finalise**		
16	Finalise inputs from bulk providers (Eskom)	MFMA Guidance	Accounting Officer

27	Finalise first draft of departmental plans and SDBIP for review against strategic priorities	MFMA Guidance	Accounting Officer
30	Finalise detailed Capital & Operational Budgets & align to IDP and draft SDBIP	MFMA Guidance	Accounting Officer
Date	**Action**	**Reference**	**Responsibility**
26	Report to Council on status of Budget – reinforce upcoming process on budget approval & oversight	MFMA Guidance	Mayor & BSC BSC Special Council meeting
February 2017	**Transfers and tabling**		
15	Note the President's "State of the Nation" address for budget priorities	MFMA Guidance	Mayor & BSC
25	Mid-year budget and performance Assessment visits (NT/PT)	MFMA Guidance	PMS Officer CFO
28	Note National and provincial allocations to municipality for incorporation in the budget	MFMA Guidance	Accounting Officer
28	Council workshop on Capital and Operational Budget	MFMA Guidance	Chief Financial Officer Workshop
March 2017	**Consult & Confirm**		
17	Receive Bulk resource providers' price increases	MFMA s42	Accounting Officer
17	Incorporate transfers to and from municipalities	MFMA s37(2)	Accounting Officer
17	Print and distribute all documents prior to meeting of budget tabling	MFMA Guidance	Accounting Officer
28	Table in Council the annual budget and all supporting documentation	MFMA s16(2); s17 & s87(3)	Mayor & BSC Special Council
April 2017	**Consider**		
6	Submit tabled budget to Treasury and affected organs of state	MFMA s22	Accounting Officer
6	Publicise the tabled budget and supporting documentation	MFMA s22	Accounting Officer
25	Budget and Benchmark Assessments (NT/PT	MFMA Guidance	CFO
28	Note National & Provincial allocations to municipality for incorporation in budget	MFMA Guidance	Accounting Officer
3 - 26	Public hearings Meetings with Wards	MFMA s23; s24 MSA ch 4 as amended	Mayor & BSC Ward Councillors Accounting Officer
28	Confirm provincial & national budget allocations	MFMA Guidance	Accounting Officer
28	Review provincial and national legislation for new reporting requirements and deadlines	New	Accounting Officer
28	Consider views of community and Stake-holders and, if needed, revise budget and table amendments for council consideration	MFMA s23(1)&(2)	Accounting Officer Mayor & BSC BSC Meeting
May 2017	**Consider & Approve**		
8 - 12	Assist mayor in preparing final budget documentation for approval by council	MFMA s68	Accounting Officer

12	Review any comments from National or Provincial government or organ of state	MFMA s68	Accounting Officer
15 - 19	Print and distribute budget documentation, draft IDP and SDBIP	MFMS Guidance	Accounting Officer
23	Consider approval of the annual Budget	MFMA s24(1)	Council
23	Approve annual budget by council resolution (including taxes, tariffs, measureable performance objectives, changes to IDP and budget related policies, SDBIP and LTC's where appropriate)	MFMA s16(1), s24(2) & s53(1)(c)(ii)	Council Special Council Meeting
26	Publicise approved budget and submit to Treasury	MFMA s75	Accounting Officer

2.2 PRIORITIES AND LINKAGES TO THE IDP

The Integrated Development Plan has been reviewed and the budget is based on the priorities identified by the communities. The following priorities are based on these consultative processes:

1. Infrastructure Development
2. Local Economic Development
3. Institutional Development
4. Community Development

The following table sets out the extent to which the budget is linked to the Integrated Development Plan:

Key Development areas	
Local Economic Development	-
Infrastructure Development	59 156 630
Institutional Development	1 928 800
Community Development	3 675 000
	64 760 430

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Refer to SDBIP

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The following list of budget-related policies will be reviewed in terms of the consolidated policies referred to at the budget workshop:

- *Tariff Policy*
- *Credit Control and Customer Care Policy*
- *Indigence Policy*
- *Supply Chain Management Policy*
- *Rates Policy*
- *Investment Policy*
- *Unauthorised, irregular, fruitless and wasteful expenditure policy*
- *Unforeseen and Unavoidable Expenditure Policy*
- *Funding and Reserves Policy*
- *Contract Management Policy*
- *Asset Management Policy*
- *Inventory Policy*
- *Fleet Management*

The following new policies have been reviewed by management and will be further workshopped with Council in April 2017:

- *Travelling and Subsistence Policy*

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The following key assumptions underpinned the preparation of the Budget:

Revenue	2016/17	2017/18	2018/19
Water tariffs	6.4%	10%	10%
Sanitation tariffs	6.4%	8%	8%
Refuse tariff increases	6.4%	8%	8%
Electricity tariffs	1.88%	6%	8%
Revenue collection rates	65%	70%	75%
Expenditure			
Total expenditure increase allowed	6.4%	5.7%	5.6%
Salary increase	7.4%	6.7%	6.6%
Increase in repairs and maintenance	5%	5%	5%
Increase in bulk purchases electricity	0.31%	5.7%	5.6%

Table 5: Key Assumptions

2.6 OVERVIEW OF BUDGET FUNDING

The Operating budget is funded from revenue sources identified in *Table 2* above and further detail is contained in the budget tables. The increase to the operating expenses is funded through the rates and tariff increases, as well as operating grants received from the National Fiscus.

The Capital budget is funded from the sources shown in Table 3 above. Furthermore, the municipality does not foresee the need to borrow in order to fund capital expenditure, primarily because of the associated risk.

The municipality has the following monetary investments (Ring-fenced grant funding for implementation of capital budget):

Institution	Amount	Investment type	Maturity date
First National Bank	R 39 815 433	Call Account	-
First National Bank	R 958 116	7 day interest plus	-

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Particulars of the MIG, EPWP and FMG spending plans will be shown in the final budget.

2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality makes the following grants to organisations and bodies outside the sphere of government as referred to in section 67(1) of the Act:

- SPCA Graaff-Reinet R 18 000
- Local Tourism Forum (Publicity) R120 000

2.9 COUNCILLORS' ALLOWANCES AND EMPLOYEE BENEFITS

The following tables set out the allowances and employee benefits budgeted for the 2017/2018 budget year:

The municipality has the fourteen (27) councillors, consisting of one fulltime Executive mayor, four Exco Members also chairpersons of sec. 79 committees and one MPAC chairperson of which the allowances are set out in table 6 above.

Upper Limits				
Position	**Number**	**Salary**	**Allowances**	**Total Remuneration Package**
Executive Mayor	1	758 012.00	26 400.00	784 412.00
Speaker (Full-time)	1	606 410.00	26 400.00	632 810.00
Exco Members	4	314 168.00	26 400.00	1 362 272.00
Committee Chairpersons	1	304 945.00	26 400.00	331 345.00
Part time councillors	20	237 620.00	26 400.00	5 280 400.00
				8 391 239.00

Table 6: Summary of Councillor Allowances

Number of employees:

	Number
Senior managers (in terms of Sect 57)	3
Other managers	14
Technical and Professional staff	-
Other Staff members	540
Total	557

Table 9: Number of employees

2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

There are no contracts with future budgetary implications

2.11 CAPITAL EXPENDITURE DETAILS

IDP R	PROJECT DESCRIPTION	NEW/UPGRADE OR ADDITIONS/REHABILITATION OR REFURBISHMENT	Multi Year project (Yes/N	CORE OR NON COR	SOURCE OF FUNDING	WARD No.	2017/
131	Graaff-Reinet Solid Waste Disposal Facility Stage 2: Construction of new cells	Upgrade	No	CORE	MIG	Ward 2,3,4,5,6,7,14	3 491 257.62
163	Roadmarkings for Murray, Queen,Breestreet and Themba street	Rehabilitation	Yes	CORE	MIG	Ward 2,4,6,14,	320 476.09
114	Drilling and equiping of boreholes and construction of balancing reservoir	Upgrade	Yes	CORE	MIG	Ward 1, Aberdeen	6 158 209.00
163	Roads and storm water drainage	Upgrade	No	CORE	MIG	Ward 10, 11	2 000 000.00
112	Upgrading of water main between Wanhoop WTW and Willowmore Reservoir	Upgrade	No	CORE	MIG	Ward 8,9,13	3 015 610.00
111	Refurbishment of 2 Kruitwater boreholes. Supply and installation of Bio-Tower for removal of H2S. Supply and install borehole level control	Refurbishment	No	CORE	MIG	Ward 10, 11	2 131 800.00
163	Roads and storm water drainage	Rehabilitation	Yes	CORE	MIG	Ward 5, 6	2 739 277.53
118	Construction of steel reservoir, 315mm bulk rising main, pipelines and borehole stations	Upgrade	Yes	CORE	RBIG	Ward 2,3,4,5,6,7,14	25 000 000.00
112	Construction of pipeline	New	No	CORE	RBIG	Ward 12, 13	2 000 000.00
114	Refurbish boreholes in Jansenville well field. Refurbish weir and channel. Construct new raw bulk water mains from dam to WTW. New WTW in Klipplaat and pumping main to Jansenville Reservoirs	Upgrade	Yes	CORE	RBIG	Ward 10, 11	5 000 000.00
IDP-223	Fire Hydrants : Install, upgrade	Additions	Yes	Non core	Transfers and Subsidies: Operational: Monetary Allocations: District Municipality - Eastern Cape - DC10 Sarah Baartman Fire Grant	2, 3, 4, 5, 7, 14	Advert R5500 Ward 2 R14100 Ward 3 R14100 Ward 4 R14100 Ward 5 R14100 Ward 7 R14100 Ward 14 R14100
IDP-300	Construct, upgrade of Fire Station - GRT	Additions	Yes	Non core	Transfers and Subsidies: Operational: Monetary Allocations: District Municipality - Eastern Cape - DC10 Sarah Baartman Fire Grant	2	Advert R7500 Ward 2 R3,667,500
IDP-317	4x4 LDV	New	Yes	Non core	Transfers and Subsidies: Operational: Monetary Allocations: District Municipality - Eastern Cape - DC10 Sarah Baartman Fire Grant	Institutional	Advert R7500 Inst R242500
IDP-341	Specialised : OH&S (Fire)	Upgrade	Yes	Non-core	Transfers and Subsidies: Operational: Monetary Allocations: District Municipality - Eastern Cape - DC10 Sarah Baartman Fire Grant	2,10,13	Advert R5500 Ward 2 R24400 Ward 10 R24400 Ward 13 R24400
141	Upgrading of Infrastructure 1. (GRT) Upgrade 1 km overheade powerline and Mv switchgeare. 2. (Steytlerville to increase Max Demand. (Eskom)3.Electrification of 64 RDP Houses in Down Township Willowmore	Upgrade	NO	CORE	DoE		7 000 000.00
147	Standy Transformers	NEW	NO	CORE	Internal	All	300 000.00
IDP-331	Tables, Chairs, Cabinets, Shelving				FMG		150 000.00
IDP-334	Polishers & Vacuum Cleaners				FMG		30 000.00
IDP-342	Miscellaneous, various Departments				FMG		70 000.00
IDP-354	Prepaid Electricity Vending Machines				FMG		220 000.00
IDP-353	ICT Infrastructure	NEW	Yes	CORE	FMG	Institutional	200 000.00
IDP-352	Tools (drill, step ladder, glue gun, crimping tool, network teste	NEW	Yes	NON CO	FMG	Institutional	10 000.00
IDP-351	10 Exchange Hosted mailboxes	ADDITIONAL	Yes	CORE	FMG	Institutional	70 000.00
IDP-351	10 Windows 10Pro Licences	ADDITIONAL	Yes	CORE	FMG	Institutional	40 000.00
IDP-351	10 Micorosft Office H&B Licences	ADDITIONAL	Yes	CORE	FMG	Institutional	50 000.00
IDP-352	10 PC/Laptop Purchaces	ADDITIONAL	Yes	CORE	FMG	Institutional	250 000.00
	Procurement of high raised, long wheel base, DC bakkie	NEW	No	Core	FMG	Institutional	400 000.00
	Procurement of Airconditioners Slabbert Huis	NEW	No	Core	FMG	Institutional	20 000.00
							64 760 430.24

2.12 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, _____, Municipal Manager of Dr Beyers Naude Municipality Municipality, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the Regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: _____

Municipal Manager: Dr Beyers Naude Municipality (EC101)

Signature: _____

Date: _____